

A PERIOD OF ARMED TRUCE

Majlis. Any violation of this clause would cancel the concession automatically.

This act of the parliament provoked immediate opposition from both the British and the Soviets. The British Legation in Teheran lodged a protest invoking the acquired rights of the Anglo-Iranian Oil Company. In turn, the American government invoked the Open Door principle and demanded equal recognition for American companies. A direct note, said to have been couched in sharp words, was also sent from Washington to London. This exchange of notes led to a compromise between the British and the American companies.

Both renounced exclusivity and agreed to share the concession equally. It may be added here that the reason why the American

company was compelled to make a deal with the Anglo-Iranian was the monopoly of oil transportation held by the latter for the whole original territory of the D'Arcy concession, i.e., for most of central and southern Iran. This agreement, however, never went into operation because of the protest of the Soviet government.

On January 15, 1922, Rothstein, Soviet Minister in Teheran, declared that Russia would oppose any concession granted to foreign capitalists for the exploitation of northern oil. As a result, the Iranian government broke off negotiations with Standard Oil and the Anglo-Iranian Company.

Despite this disappointment Iran did not abandon further endeavors to grant a concession for the exploitation of northern oil. Such a concession would contribute greatly to the solution of Iran's financial difficulties. After some lapse of time the government started negotiations with the Sinclair Consolidated Oil Corporation. At that

time Sinclair was on speaking terms with the Soviet government, from which it had received an oil concession on Sakhalin Island and also the right to sell Soviet oil products in world markets. The Iranians hoped that Russia would not object to the granting of the concession to Sinclair. In June, 1923, the Majlis passed the bill authorizing the government to grant the new concession to the American company. To make it quite sure, the Majlis stated that no other valid concession, or claim existed with regard to the oil in the northern provinces.

Simultaneously with the negotiations in Teheran, Sinclair Oil